

## Message Text

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PAGE 01 JAKART 16686 300456Z  
ACTION EA-09

INFO OCT-01 ISO-00 EB-07 COME-00 TRSE-00 L-03 INT-05  
AGRE-00 CIAE-00 INR-07 NSAE-00 /032 W  
-----300501Z 027735 /14  
R 300440Z DEC 76  
FM AMEMBASSY JAKARTA  
TO SECSTATE WASHDC 8441

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E.O. 11652: N/A  
TAGS: BIDS, ID  
SUBJECT: ESSENTIAL OIL SWINDLE

REF: STATE 298325

1. DURING RECENT CALL ON MINISTER OF TRADE PRAWIRO, AMBASSADOR AND ECON/COMM COUNS RAISED SUBJECT OF ESSENTIAL OILS. WE BASED OUR DISCUSSION ON REFTEL AND STRESSED FACT THAT SLACK QUALITY CONTROLS AND NO OR WEAK PUNISHMENT OF OFFENDERS IS LIKELY TO RESULT IN REDUCTION OF MARKETS FOR INDO-NESEAN PRODUCTS WHICH, IN THIS CASE, ESPECIALLY BENEFITS SMALL FARMERS. WE ALSO MENTIONED THAT U.S. IMPORTERS REPORT THAT THEY INTEND TO SHIFT THEIR PURCHASES TO OTHER SUPPLIERS.

2. PRAWIRO SAID THAT HE WAS VERY MUCH AWARE OF PROBLEM, BUT NOTED THAT FARMAPORT WAS REALLY A "VERY REPUTABLE" COMPANY AND THAT THE ESSENTIAL OIL INCIDENT HAD BEEN AN EXCEPTIONAL ONE AND SHOULD NOT BE TAKEN AS A REFLECTION OF THE COMPANY'S GENERAL CAPABILITY AND REPUTATION. WE POINTED OUT THAT MERELY ONE INCIDENT INVOLVING FRAUD CAN DO IRREPARABLE DAMAGE TO THE REPUTATION OF THIS COMPANY AND OTHER INDONESIAN FIRMS. MOREOVER, WE NOTED THAT TWO OTHER JAKARTA COMPANIES HAD RECENTLY BEEN INVOLVED IN  
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ESSENTIAL OIL ADULTERATION.

3. PRAWIRO SAID THAT HE WAS ANXIOUS THAT THIS PROBLEM BE RESOLVED AND NOTED THAT HE WAS PERSONALLY PUSHING STRICT IMPLEMENTATION OF THE DECREE ISSUED ON DECEMBER 15, 1976, WHICH STIPULATES RIGID PROCEDURES ON THE EXPORTATION OF

ESSENTIAL OILS. UNDER THIS DECREE EXPORTERS OF THIS PARTICULAR COMMODITY MUST HAVE "CERTIFICATES OF SAMPLING AND SEALING," CERTIFICATE OF QUALITY INCLUDING SURVEYOR'S REPORT, AND A CERTIFICATE OF WEIGHING AND LOADING. A COMPANY HAS BEEN APPOINTED TO TAKE SAMPLES TO A LABORATORY ASSIGNED BY THE DIRECTORATE GENERAL OF FOREIGN TRADE BEFORE THE EXPORT CAN BE AUTHORIZED.

4. COMMENT: ALTHOUGH THE MATTER OF ADEQUATE PUNISHMENT MAY STILL LEAVE MUCH TO BE DESIRED, WE DO BELIEVE THAT THE GOI, AND PARTICULARLY THE MINISTRY OF TRADE, ARE SERIOUS AND SINCERE IN THEIR EFFORTS TO INSTITUTE CONTROLS. THE PROOF OF THE PUDDING WILL BE IN THE EATING AND, AS OPPORTUNITY AFFORDS, WE SHALL CONTINUE TO MENTION THE PROBLEM TO APPROPRIATE INDONESIAN OFFICIALS.

NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, CORRUPTION  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 DEC 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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